

# ***FISH & WILDLIFE COMMISSION AGENDA ITEM COVER SHEET***

**Meeting Date:** May 14, 2015

**Agenda Item:** Malteurop Lease Agreement

**Division:** Director's Office

**Action Needed:** Final

**Time Needed on Agenda for this Presentation:** 15 Minutes

## **Background**

FWP and IMC (the predecessors of Malteurop) entered into a water lease agreement and contract in 2005. The contract addressed three components: 1) water lease 1,200 gallons per minute (gpm) for non-consumptive use from Giant Springs Hatchery's water right; 2). the malt company's use of hatchery infrastructure to collect and then pump to the malt plant the 1,200 gpm and an additional 300 gpm for consumptive use (totaling a maximum of 1,500 gpm); and 3) administrative costs.

The contract provides Malteurop with 1) water, and 2) use of infrastructure. In return Malteurop will compensate FWP to mitigate for impacts and use of hatchery facilities and infrastructure, reduction in fish production and a reasonable value for water lease at Giant Springs Hatchery. The first water lease contract was for a period of 10 years and will end on September 1, 2015. FWP and Malteurop have renegotiated a water-lease contract for the next 10 years: September 2015 – September 2025.

<b><u>Summary of the contract</u></b>	<b><u>2005 – 2015:</u></b>	<b><u>2015 - 2025</u></b>
Annual Water lease payment:	\$125,000	\$215,000
Infrastructure Lease:	\$125,000	\$155,000
Administrative costs:	\$ 30,000	\$ 40,000
Annual Inflationary rate:	0%	2.15%
Total Annual Reimbursement:	\$280,000	\$410,000 year one

Revenue will be deposited into the Fisheries Mitigation Trust Fund for use by FWP.

## **Public Involvement Process & Results**

The original contract offered multiple public-review processes including: Commission approval and public comment, an environmental assessment for components including development at the hatchery, a pipeline from the hatchery to the plant, temporary water rights changes, Great Falls City Water use, and place of use from the Missouri River water reservation to Giant Springs. Additional public comment will be provided at the May 14 Commission meeting.

## **Alternatives and Analysis**

Return to negotiation. FWP believes it has negotiated a good-faith deal that benefits both sides. Renegotiation may lead to arbitration or mediation which would place FWP and Malteurop in an adversarial position and lead to an uncertain outcome.

## **Agency Recommendation & Rationale**

FWP proposes the Commission approve the 10-year water lease from 2015 to 2025 and contract between FWP and Malteurop as negotiated and agreed to by both parties.

## **Proposed Motion**

I move the Commission approve the 10-year water lease and contract between FWP and Malteurop as negotiated for the period from September 2015 until September 2025.